

Message Text

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PAGE 01 STATE 176436
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-----109020 281158Z /46

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FM SECSTATE WASHDC
TO AMEMBASSY NAIROBI

C O N F I D E N T I A L STATE 176436

LIMDIS

E.O. 11652: GDS

TAGS: BDIS, CPRS, KE, US

SUBJECT: ESSO CLAIM AGAINST PRESIDENT KENYATTA

REF: NAIROBI 4160

1. EXXON OFFICIALS S. J. VASTOLA (PRESIDENT ESSO AFRICA)
AND A. W. JESSUP (WASHINGTON REPRESENTATIVE EXXON) VISITED
DEPARTMENT JULY 26 TO BRIEF AMBASSADOR BOLEN ON CURRENT
STATUS THEIR ATTEMPTS TO COLLECT AMOUNTS OWED BY KENYATTA
FARM FOR FUEL DELIVERIES.

2. VASTOLA SAID THAT AMOUNT NOW OWED BY FARM IS AROUND
DOLS 100,000 AND THAT INDIVIDUALS WITH WHOM THEY HAVE
DEALT (KARIITHI PERMSEC, OFFICE OF PRESIDENT, AND
MATHENGE, NAKURU PROVINCIAL COMMISSIONER) DO NOT DISPUTE
VALIDITY OF OVERDUE BILLS. ESSO OFFICIALS HAVE MADE A
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NUMBER OF UNSUCCESSFUL EFFORTS TO OBTAIN PAYMENT. HE
NOTED THAT PREVIOUS ESSO MANAGER IN KENYA HAD BEEN EXPELL-
ED BY GOK IMMEDIATELY AFTER SAYING TO PROVINCIAL COMMISS-
IONER (WHO HANDLES FARM FINANCES FOR PRESIDENT) THAT
DELIVERIES WOULD BE CUT OFF IF BILL NOT PAID. VASTOLA
EXPRESSED APPRECIATION FOR THE EMBASSY'S GOOD OFFICES IN

THE PAST WHICH LED TO RECEIPT OF DOLS 150,000 OF THE DOLS 200,000 OWED AS OF OCTOBER LAST YEAR. VASTOLA EXPRESSED CONCERN THAT FAILURE TO PRESS THEIR CLAIM, WHICH COULD EASILY BECOME PUBLIC KNOWLEDGE, MIGHT BE SUBJECT TO INTERPRETATION UNDER US LAW AND REGULATIONS AS IMPROPER PAYMENTS TO KENYATTA. THE COMPANY THEREFORE BELIEVED THAT IT WOULD BE FORCED TO SET A DEADLINE BEYOND WHICH DELIVERIES WOULD STOP IF PAYMENT WERE NOT RECEIVED.

3. AMBASSADOR BOLEN EXPRESSED APPRECIATION FOR THE BRIEFING. HE TOLD VASTOLA THAT THE USG ATTACHES GREAT IMPORTANCE TO MAINTAINING GOOD RELATIONS WITH KENYA, PARTICULARLY IN VIEW OF THE PREVAILING SITUATION IN THE HORN OF AFRICA. THE KENYATTA DEBT PROBLEM IS A DELICATE MATTER AND COULD DAMAGE OUR BILATERAL RELATIONS AND ESSO'S INTERESTS IF NOT HANDLED PROPERLY. AMBASSADOR BOLEN SAID VASTOLA'S COMMENTS WOULD BE REPORTED TO AMBASSADOR LEMELLE WITH THE REQUEST THAT THE EMBASSY PROVIDE APPROPRIATE FACILITATIVE ASSISTANCE TO INSURE A SETTLEMENT. HE SUGGESTED THAT COMPANY OFFICIALS CONFER WITH THE EMBASSY BEFORE SETTING A DEADLINE FOR PAYMENT. VASTOLA SAID HE WOULD BE VISITING NAIROBI IN ABOUT 30 DAYS AND WOULD VISIT THE EMBASSY AT THAT TIME.

4. YOU SHOULD DISCUSS THIS MATTER WITH EXXON REPRESENTATIVE NAIROBI PRIOR TO VASTOLA ARRIVAL AND PROVIDE CONFIDENTIAL

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ALL APPROPRIATE ASSISTANCE TO VASTOLA DURING HIS VISIT. VANCE

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Message Attributes

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